


AR06

annual report 1974





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The Board of Directors



R. G. SMITH

Chairman of the Board,
The Maritime Life Assurance Company.
Former President National Sea Products Ltd.

Air Marshal Hugh Campbell, C.B.E., C.D.

Ottawa, Ontario
Corporate Director

R. Ross Craig

Hamilton, Ontario
Executive Vice President Commercial
Dominion Foundries & Steel Company

John T. Longmoore

Boston, Massachusetts
Vice President
John Hancock Mutual Life
Insurance Company

Victor A. Lutnicki

Boston, Massachusetts
Executive Vice President, Group Operations
John Hancock Mutual Life
Insurance Company

C. E. MacCulloch

Halifax, Nova Scotia
Chairman of the Board
MacCulloch & Company Limited

G. B. Robertson, Q.C.

Halifax, Nova Scotia
Senior Partner, McInnes,
Cooper & Robertson

H. R. Cohen, Q.C.

Moncton, New Brunswick
Senior Partner, H. R. Cohen

O. M. Ericksen

Halifax, Nova Scotia
President and Chief Executive Officer
The Maritime Life Assurance Company

Arthur R. Lundrigan

Corner Brook, Newfoundland
President and Chief Executive Officer
Lundrigan's Limited

Georges H. Mercier

Montreal, Quebec
Corporate Director

Donald McInnes, Q.C., L.L.D., D.C.L.

Halifax, Nova Scotia
Senior Partner, McInnes,
Cooper & Robertson

Paul R. Weaver

Boston, Massachusetts
Senior Vice President
Field Management & Marketing
John Hancock Mutual Life
Insurance Company

William C. Whittemore

Boston, Massachusetts
Senior Vice President & Treasurer
John Hancock Mutual Life Insurance Company

HONORARY DIRECTORS

W. H. C. Schwartz

Halifax, Nova Scotia
Honorary Chairman of the Board
The Maritime Life Assurance Company
Chairman of the Board, W. H. Schwartz & Sons Limited

Bernard Lockwood, F.F.A., F.C.I.A., A.I.A.

Halifax, Nova Scotia
Former Vice President & General Manager
The Maritime Life Assurance Company

J. A. Walker, Q.C., L.L.D., K.C.S.G.

Halifax, Nova Scotia
Retired Senior Partner,
Walker, Dunlop, Bushell & Caldwell

Directors' Report



O. M. ERICKSEN

On behalf of the Board of Directors, I am pleased to present the Fifty-First Annual Report of The Maritime Life Assurance Company.

Our Company's overall performance during 1974 was extremely good. It was the third successive year in which we experienced continuous growth, and I feel the achievements are the result of the combined efforts of each individual in Maritime Life working toward common objectives. Without growth, there would not be the challenges and opportunities that attract and hold the very best people at all levels throughout Maritime Life.

Total premium income rose from \$15,955,000 in 1973 to \$20,680,000 in 1974 while assets increased from \$53,509,000 to \$61,871,000. Sales of Individual insurance in 1974 were \$2,657,000 of annualized premium while sales of Group insurance were \$2,200,000.

The operating results for 1974 showed a deficit of \$1,662,000. Because of the rapid growth of

our Company, operating deficits for some years into the future are indicated.

2,118 new shares, having a par value of \$5 each, were issued and sold at a price of \$125. This, together with a direct contribution of surplus from the parent company, John Hancock Mutual, added \$1,014,750 to the capital and surplus account.

The net rate of interest earned on the Company's invested funds rose from 6.60% in 1973 to 7.29% in 1974.

We have continued to develop and enlarge our marketing operations. We recently added agencies in Edmonton, Saskatoon and Winnipeg, thereby increasing the Company's expansion in Western Canada. A new Group office was opened in Montreal in addition to the successful Group offices in Toronto and Halifax.

The Armed Services Division, specializing in the insurance needs of the Canadian Armed Forces in Canada and Overseas, had a year of excellent growth. During the year an office was opened in Victoria, British Columbia, to further expand the Armed Services Division.

Our marketing organization must be flexible and innovative to meet the varied challenges. Expanding markets call for dynamic responses in marketing techniques. 1974 was a year for particular attention to product development. A small group package, Markit, was introduced, as well as two new individual deferred annuity products — Guaranteed Growth Plan and Triflex. The response to these products has confirmed Maritime Life's reputation for innovation in product design.

During 1974 we have done restructuring that represents an evolutionary and important step in Maritime's continuing growth. In the Head Office, a number of administrative improvements were made during the year as part of the Company's commitment to superior service to clients and representatives. We made eight changes in the management structure of the Company, which evolved from our continuing growth and the need to provide more effective management of our day-to-day operations. This is important more than ever before in these times of high inflation and economic instability. The groundwork which has been done will show in significant improvement in 1975 and in later years. We are providing a solid base for well-planned long-term growth.

The level of professional expertise in the Head Office continues to grow as all staff members are encouraged to participate in formal training programs. At the present time, the Company has

four fully qualified Actuaries, five Associates and seventeen Fellows of the Life Management Institute on staff.

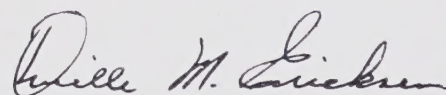
At the Senior Management level Mr. Michael L. Hepher was elected Executive Vice President of the Company.

Our subsidiary company, Maritime Life (Caribbean) Ltd., has completed its third year of operation. This company's efficiency levels are rapidly rising to the high standard set by the local management. Sales in 1974 were sharply up from the 1973 results.

We believe in the personal dignity of each individual and recognize personal achievements. Personnel relations will be good only if people have faith in the motives and integrity of their supervisors and their Company.

It is our people who determine the character and strength of our Company — people who take pride in Maritime Life's accomplishments, and who contribute, in their individual yet significant ways, to our Company's continuing growth and progress. We have a superior staff and a superior field organization.

To all our associates, the Directors and I extend sincere thanks and appreciation. Looking to the future, we anticipate that 1975 will be a most successful year in the growth of Maritime Life.



O. M. Ericksen
President and Chief Executive Officer
May 1, 1975

Financial Soundness

After forty-six years of sound growth, Maritime Life became the Canadian subsidiary of the John Hancock Mutual Life Insurance Company in 1969. The expertise and financial backing provided by the parent company has played a major role in the accelerated growth achieved in recent years.

Owing to the unique nature of the life insurance business the faster the sales grow, the greater the strain on the Company's surplus. Operating deficits, such as we have experienced, inevitably occur during periods of significant expansion. These deficits arise partly from the expenses of selling more business and partly by putting aside significant sums of money into "reserves". These reserves, which are determined on a most conservative basis, assure each and every policyholder that his policy with the Company is thoroughly protected.

The financial support to enable us to continue our "commitment to sound growth" policy is backed by the parent company's assets of 12 billion dollars.

Our investment portfolio is strong and future growth plans are supplemented by long range investment projections. To maximize the return on assets consistent with maintaining a high quality diversified portfolio is part of our long term corporate objectives.

Comparative Statement of Operations

(in thousands of dollars)

	1974	1973
INCOME		
✓ Premiums	\$20,680	\$15,955
Consideration for Settlement Annuities	740	684
✓ Investment Income	3,755	2,866
Market Value Adjustments related to Variable Benefits	(1,520)	(709)
	<u>\$23,655</u>	<u>\$18,796</u>
DISPOSITION OF INCOME		
✓ Policy Benefits	\$9,083	\$6,674
Provision for Future Policy Benefits	6,150	5,516
✓ Dividends to Policyholders	1,878	962
Interest Items and Pension Funds	305	302
Expenses, Commission and Taxes	7,901	6,589
	<u>25,317</u>	<u>20,043</u>
NET DEFICIT FROM OPERATIONS	<u>\$ 1,662</u>	<u>\$ 1,247</u>

Asset

BIF

Comparative Statement of Surplus

(in thousands of dollars)

	1974	1973
Surplus Beginning of Period	\$2,570	\$1,960
Paid-in Surplus	1,004	1,188
Gain on Sale of Foreign Business	(15)	525
Special Actuarial Reserve Increase	(36)	89
From Operations (deficit)	(1,662)	(1,247)
Net Capital Gain (Loss) on Investments	(109)	55
✓ SURPLUS END OF PERIOD	<u>\$1,752</u>	<u>\$2,570</u>

Comparative Balance Sheet

(In thousands)

ASSETS

	1974	1973
Bonds, at Amortized Cost	\$15,397	\$15,482
Stocks, at Cost	2,207	2,145
Guaranteed Investment Certificates	243	252
Stocks and Other Items held for the Account of Variable Benefits, at Market	6,297	5,006
Mortgages, at Amortized Principal	26,147	19,041
Real Estate, at Cost	3,015	2,827
Policy Loans	3,676	3,182
Cash	1,874	3,238
Investment Income, Due and Accrued	694	672
Outstanding Premiums	1,674	1,198
Investment in and balances with Maritime Life (Caribbean) Ltd.	381	408
Other Assets	266	58
	<u>\$61,871</u>	<u>\$53,509</u>

NOTE:

The Reserve for Investments is more than sufficient to cover the excess of carrying values of the Assets over the values authorized by the Canadian and British Insurance Companies Act.

et as at December 31st.

dollars)

LIABILITIES, CAPITAL and SURPLUS

	1974	1973
Policyholders		
Provision for Future Benefits	\$44,160	\$37,751
Provision for Dividends	3,187	1,278
Outstanding and Unreported Claims	3,358	2,567
Amounts Left on Deposit	2,853	3,366
	<u>\$53,558</u>	<u>\$44,962</u>
Bank Advances	\$ 310	\$ 373
Pension Funds	503	488
Provision for Retired Employees	68	68
Miscellaneous Liabilities	3,134	2,512
Reserve for Investments	1,600	1,600
Capital Stock Paid-up including 2118 shares issued during the year	946	936
Surplus	1,752	2,570
	<u>\$61,871</u>	<u>\$53,509</u>

Signed on behalf of the Board

R. G. Smith, Chairman of the Board
O. M. Ericksen, President

Actuary's Certificate

I hereby certify that the sum of \$44,160,000 shown in the Balance Sheet of The Maritime Life Assurance Company as the actuarial reserve as at 31 December 1974 for Insurance, Annuity and Accident and Sickness benefit contracts in force (including the liabilities in respect of variable

benefits) is not less than the reserves required by the provisions of the Canadian and British Insurance Companies Act. In my opinion, these reserves make good and sufficient provision for all unmatured obligations of the company guaranteed under the terms of its policies.

January 24, 1975

B. L. Burnell, F.I.A., F.C.I.A., A.S.A.
Vice President and Chief Actuary

Auditors' Report

We have examined the balance sheet of The Maritime Life Assurance Company as at December 31, 1974 and the statements of operations and surplus for the year then ended and report that the investments in stocks and bonds were verified by count or confirmation and agreed with the books of the company as at December 31, 1974. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Provision for future benefits and other actuarial liabilities are stated at amounts certified by the company's Actuary and have not otherwise been verified by us.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1974 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles of the insurance industry.

Halifax, N.S.
January 29, 1975

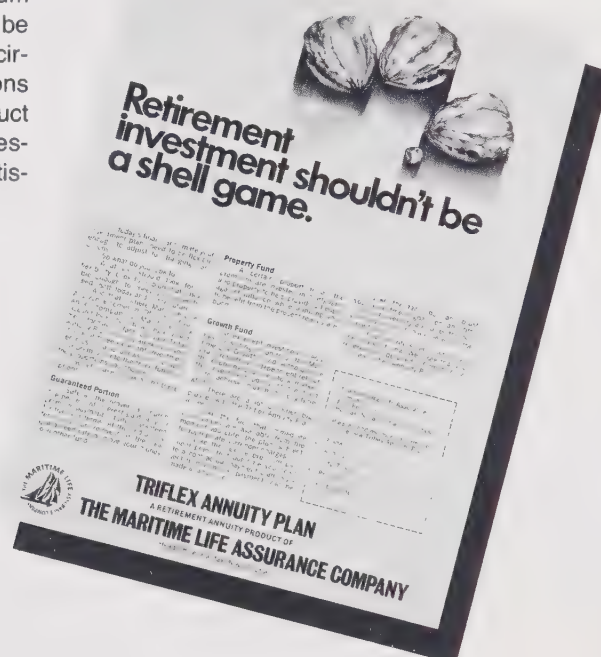
Thorne Riddell & Co.
Chartered Accountants

NOTE: A merger resulted in the firm's name being changed from Riddell Stead & Co. to Thorne Riddell & Co. during 1974.

New Products

The development of new imaginative products to meet the diversified financial security needs of consumers continues to receive high priority. During 1974 a number of major products were designed for both Individual and Group markets.

Wide flexibility in building a personalized retirement fund was provided by the introduction of the TRIFLEX Annuity Plan. Premium payments and investment media can be altered to reflect changes in individual circumstances and general economic conditions in the future. To help bring this unique product to the attention of the business and professional community, a major national advertising program was undertaken.



Another retirement plan, Guaranteed Growth Annuity Plan, has also met with significant success in the early months since its introduction.

For Group markets, emphasis was placed on developing a product for employers who wish to provide benefits for groups of twenty-five lives or less. The MARKIT product represents a major step forward by providing the entire sales force with a small group product. At the same time, Maritime Life continues to offer a wide range of products for all sizes of group clients.

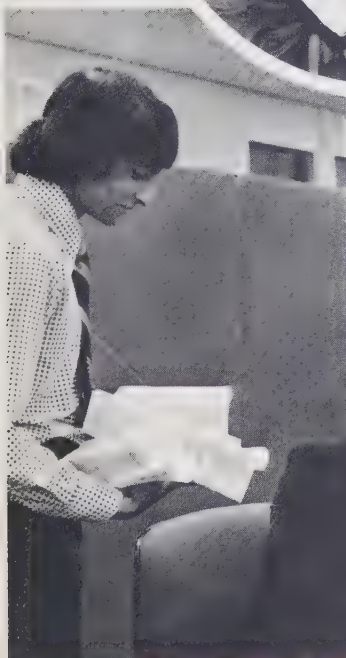
Maritime Life's reputation for innovative products has been earned by an exceptionally successful liaison between sales personnel and Head Office actuaries. By designing products that the public wants, our sales growth continues.

People



For a Company to be as successful as Maritime Life there have to be many dedicated people in all phases of the organization contributing to the results of the whole.

On these pages are but a few of the 500 individuals who participate in Maritime Life's success.



The Management Team

Executive Officers

O. M. Ericksen
President & Chief
Executive Officer

B. L. Burnell, F.I.A., F.C.I.A., A.S.A.
Vice President & Chief Actuary

M. L. Hepher, F.I.A., F.C.I.A., A.S.A.
Executive Vice President &
Corporate Secretary

K. A. Mader, C.A.
Vice President & Treasurer

J. J. Neilson
Vice President & Director of
Administration

J. B. Prince
Vice President &
Director of Agencies

J. S. Allison
Director of Group Sales

W. K. Webb, C.L.U.
Field Vice President

W. A. Black, F.S.A., F.C.I.A.
Associate Actuary

E. N. Blinn, C.D.P., F.L.M.I.
Senior Systems Engineer

J. A. Bobbitt, F.L.M.I.
Manager, Accounting &
Assistant Secretary

E. Bremermann, F.L.M.I.
Manager, New Business

N. S. Cousens
Accountant

H. J. Dobson, C.D.P., F.L.M.I.
Manager, Policyholder Service

T. D. M. Hardy
Manager, Data Processing

J. H. Hodgson, F.S.A., F.C.I.A.
Associate Actuary

A. M. Holmes, F.L.M.I.
Manager, Field Administrative
Services

T. M. Moffatt, A.S.A., F.L.M.I.
Assistant Actuary

W. G. Patterson, F.L.M.I.
Investment Comptroller

R. V. Timmins
Chief Underwriter

J. M. Woods, F.L.M.I.
Manager, Corporate Services

R. E. Wornell
Manager, Agency Administration

Dr. Charles A. Gordon, M.D.C.M., F.R.C.P.(C)
F.A.C.P., F.C.C.P., F.A.C.C.
Medical Director

Dr. S. T. Laufer, F.R.C.P.(C)
F.A.C.P., F.A.C.C.
Senior Medical Consultant

The Field Organization

D. L. Schindle
Western Regional Manager

G. J. Thomas
Field Vice President
Armed Services Division

**NEWFOUNDLAND
CORNER BROOK**

George Rideout & Associates Ltd., Western Trust Bldg.,
49-51 Park Street

W. W. Roberts, Br. Mgr., Eastern Canada Bldg.,
19-21 West Street

ST. JOHN'S

B. F. Maunder, Br. Mgr., Jack Green Bldg.,
O'Leary Avenue

**PRINCE EDWARD ISLAND
CHARLOTTETOWN**

P.E.I. Office, Curry Bldg., Queen Street

**NOVA SCOTIA
HALIFAX**

W. J. Luedey, Mgr. Group Sales — Atlantic Provinces,
1525 Birmingham Street

C. G. Mooy, Br. Mgr., 1525 Birmingham Street
Sub-office — 31 Webster Street, Kentville

SYDNEY

G. E. Sampson, Br. Mgr., Cape Breton Shopping Plaza,
43 Keltic Drive, Sydney River

**NEW BRUNSWICK
MONCTON**

G. A. Bray, Br. Mgr., 1111 Main Street

**QUEBEC
MONTREAL**

Barker-Levin & Associates Ltd., Suite 2001,
1115 Sherbrooke Street W.

Charney-Miller Associates Ltd., Suite 10,
6420 Victoria Avenue

Chartlife Insurance Agency Ltd., 3448 Stanley Street

Diamond & Tucker Ltd., Tenth Floor, One Place Ville Marie

Dubreuil-Lefebvre-Roy-Inc., Room 700,
385 Sherbrooke Street E.

Laszlo Kato, Mgr. Group Sales, Suite 1921,
One Place Ville Marie

Manuel Smith Associates Ltd., Suite 400,
5165 Sherbrooke Street W.

Montreal West Branch, Suite 1921, One Place Ville Marie

M. A. Turgeon & Associes, 6th Floor, 385 Sherbrooke Street E.

**ONTARIO
OTTAWA**

G. J. Thomas, Field Vice President, Armed Services Division,
170 Metcalfe Street

PERTH

B. F. Noonan, C.L.U., Br. Mgr. Ottawa Valley,
Perth Masonic Temple Bldg., 61 Foster Street

TORONTO

Advisory Insurance Agencies Ltd., Suite 920,
Victoria Tower, 44 Victoria Street

Robert H. Bradshaw Associates Ltd., 350 Bay Street

G. D. Jarvis, C.L.U., Br. Mgr., Suite 350,
25 Overlea Blvd.

TORONTO	T. L. Malabar , Mgr. Group Claims, Suite 350, 25 Overlea Blvd. R. W. Stinson , Mgr. Group Sales, Suite 350, 25 Overlea Blvd.
MANITOBA WINNIPEG	C. A. S. Insurance Marketing Services Ltd. , Suite 1420, One Lombard Place Variable Insured Planning Insurance Agency Ltd. , Suite 110, 1712 Portage Avenue
SASKATCHEWAN SASKATOON	Life Line Brokers Ltd. , Room 100, The Bessborough Hotel
ALBERTA CALGARY	Armed Services Division Western Office , 3224-28th Street, S.W. Professional Assurance Planning Ltd. , 105 Flintridge Place, 8208 Flint Road S.E.
EDMONTON	Personal Investment Portfolio Ltd. , 10164-116th Street Tozer, Hannigan Insurance Consultants Ltd. , 8230-105th Street
BRITISH COLUMBIA BURNABY	TEC Insurance Agencies Ltd. , 201 Brentwood Plaza, 4567 Lougheed Highway
NELSON	J. K. Sloan & Associates , P.O. Box 9
NEW WESTMINSTER	Block Bros. & Robertson Ltd. , 725 Carnarvon Street
NORTH VANCOUVER	Davidson Agency , 422 East 19th Street
VANCOUVER	Emery H. Lalonde & Associates Ltd. , Suite 273, 5655 Cambie Street Maripac Insurance Services Ltd. , Suite B201, 325 Howe Street D. L. Schindle , Regional Mgr., Western Regional Office, 4371 Fraser Street
VICTORIA	Armed Services Division Pacific Office , 1316 Esquimalt Road
OVERSEAS BERMUDA	J. S. Darrell & Company Ltd. , P.O. Box 838, Hamilton 5-24
EUROPE	Armed Services Division European Office , 7632 Friesenheim, Friedrichstr 32, West Germany

SUBSIDIARY COMPANY

MARITIME LIFE (CARIBBEAN) LIMITED
46 Frederick Street, Port-of-Spain, Trinidad, W.I.

M. M. de Souza, F.I.S., F.I.A.
Managing Director

H. P. Eastman
Superintendent of Agencies

B. A. Kuei Tung
General Administration Manager



The Maritime Life Assurance Company

P.O. Box 1030 Halifax, N.S. B3J 2X5